FORESIGHT
WEALTH MANAGEMENT

Foresight Market Summary

July 31, 2021

Market Highlights:

The global equity markets were mixed in July. Whereas U.S. Large Cap (S&P 500) gained 2.7% in the month and now leads all major markets, most other segments were down last month. U.S. Small Cap (Russell 2000) struggled in July, losing 4.3%. Emerging Markets (MSCI EM) were hit ever harder, losing 7.3% and ending the month in slightly negative territory for 2021. The bond markets were mixed as yields have remained stagnant yet volatile. Treasury bonds and the Aggregate bond index increased 1.3% and 1.1% in the month, respectively, and are now -1.3% and -0.5% YTD. High Yield bonds continue to lead the bond market and remain at +3.1% on the year.

Equities	YTD	3-Month	6-Month	1-Year	3-Year	5-Year
S&P 500 Index	17.92%	5.47%	19.13%	37.35%	18.20%	17.21%
MSCI All Country World Index	13.00%	3.56%	13.51%	33.12%	13.83%	13.99%
Russell 2000 Small Cap Index	13.20%	-1.57%	7.81%	50.32%	11.79%	14.22%
Dow Index	15.19%	3.56%	17.50%	35.14%	13.71%	16.13%
MSCI EAFE Index	9.86%	3.04%	11.07%	28.90%	7.62%	9.35%
MSCI Emerging Market Index	-0.26%	-4.61%	-3.20%	19.34%	7.15%	9.69%

Econ. Indicators	Percent	As of
Fed Funds Target	0.25%	7/31/2021
Inflation Core CPI	5.30%	7/31/2021
Unemployment	5.90%	7/31/2021
Real GDP Growth	12.17%	7/31/2021
Yield Curve Spread	1.05%	7/31/2021
Wage Growth	3.67%	7/31/2021

Bonds	Yield	YTD	3-Month	6-Month	1-Year	3-Year	5-Year
US Treasury Bond Index	0.97%	-1.34%	2.33%	-0.35%	-3.08%	5.18%	2.23%
US Aggregate Bond Index	1.87%	-0.54%	2.15%	0.18%	-0.69%	5.70%	3.07%
US Bank Loan Index	3.20%	1.26%	0.23%	0.51%	5.30%	2.73%	3.11%
US High Yield Bond Index	4.44%	3.08%	1.46%	2.87%	8.44%	5.92%	5.79%

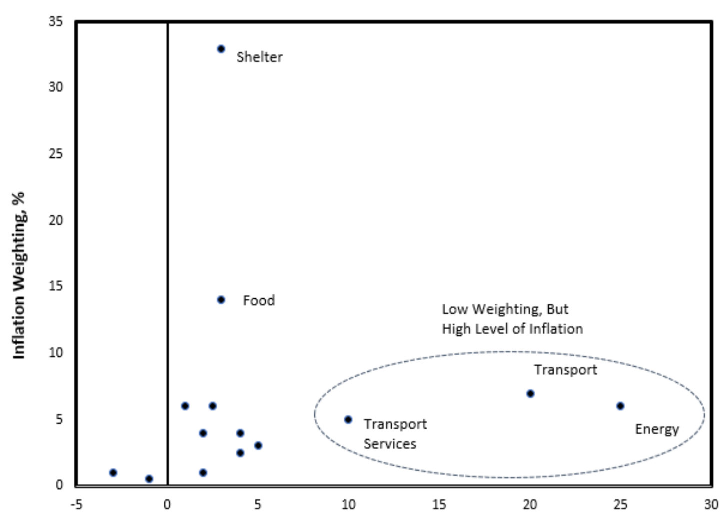
Economic Outlook:

Up until recently, national wage growth had remained rather stagnant for a few years. However, that changed with the onset of COVID, which led to a large drop in the labor participation rate. This has resulted in wage growth ticking up to +3.7% as the economy continues its re-opening momentum. Hourly earnings are up the most amongst the lower end of the wage spectrum. For example, average hourly earnings for retail and hospitality workers are up 6.5% and 8.0%, respectively, compared to June 2020. We think higher-than-average wage growth will continue until the workforce population returns to pre-COVID levels. Widely available vaccines and the enhanced unemployment benefits rolling off will nudge many to return to work, in our opinion.

Insight of the Month:

Rising inflation has been a growing concern this year. In order to parse through the noise, it's helpful to view inflation's underlying components. As shown by this chart from the New York Times, several of inflation's underlying categories are volatile yet have a low weighting. That includes items in the transportation category like rental cars and used cars, which have undergone recent surges. We think as supply chain issues get worked out and people return to the work force, broad-based inflation will prove to be temporary. As evidence of that belief, the categories that affect our daily lives the most (i.e., food, shelter, and other goods/ services) aren't far from the 2-3% inflation levels they have averaged in recent years.

June Inflation Reading by Category & Weighting (YoY % Change)



Source: New York Times

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